



AlphaKeys Funds UBS Funds

Disclosure Statement under Rule 506(d)

This brochure provides information about certain disciplinary matters relating to the AlphaKeys Funds and the UBS Funds (collectively, the Funds), our parent company UBS AG, UBS Fund Advisor LLC (the Funds' Member Designee, Managing Member or Administrator), UBS Financial Services, Inc. (the Funds' Distributor), as well as certain executive officers of those entities and other persons involved in the offering of the Funds.

Additional information about UBS Fund Advisor LLC and UBS Financial Services, Inc. and their associated persons is also available on the SEC's website at www.adviserinfo.sec.gov.

This brochure is current as of September 20, 2013 and is subject to change.

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UBS Fund Advisor LLC (Member Designee, Managing Member, Administrator)

1. Date of Action: Jan. 9, 2009
Brought By: CFTC

Allegations: UBS Fund Advisor LLC violated Sections 6(c) and 6(d) of Commodities Exchange Act and did not file with the National Futures Association the commodity pools' annual reports in a timely manner or deliver to pool participants.
Disposition: Cease & Desist from violating Regulation 4.7(b)(3)(i) and CFR 4.7(b)(3)(i)(2008) and pay a civil penalty
Civil Penalty: \$50,000

UBS Financial Services Inc. (Distributor)

2. Date of Action: August 22, 2011
Entity: UBS Financial Services, Inc.
Brought By: New Hampshire Bureau of Securities Regulation

Allegations: UBS sold Lehman Structured Products to clients (specifically referencing three particular investors), who were not made aware of the risks of these products and failed to inform clients of Lehman's financial condition prior to Lehman's bankruptcy. It was also alleged that the firm's recommendations to a small number of New Hampshire residents to purchase Lehman Structured Products were unsuitable.

Disposition: Consent Order
Administrative fine of \$100,000; Investigation costs of \$200,000; Administrative payment of \$700,000

3. Date of Action: May 4, 2011
Brought By: SEC, Internal Revenue Service (IRS), Dept. of Justice (DOJ), State Attorney General of 24 States

UBS AG and UBS Financial Services Inc. reached settlements with the SEC, the IRS, the DOJ and a group of State Attorneys General regarding investigations into the conduct of certain former employees in UBS Financial Services' former municipal reinvestment and derivatives group from 2001 to 2006. Allegations included violations of: Section 15(c)(1)(A) of the Securities Exchange Act of 1934, Section 1 of the Sherman Act, and IRS regulations in bidding practices and representations made involving the investment of proceeds of municipal securities transactions.

Disposition: SEC: Waiver and Consent to Final Judgment enjoining UBS from violating Section 15(c) of the Act, disgorgement of profits, interest and civil penalty; IRS: Closing Agreement; DOJ: Non-prosecution Agreement

SEC: Disgorgement of \$9,606,543 plus interest of \$5,100,637 and civil penalty of \$32,500,000; IRS: penalty of \$18 million and restitution of 4.3 million; States: \$70.8 million plus \$20 million credited from the SEC settlement

4. Date of Action: Dec. 22, 2008
Brought By: Securities and Exchange Commission (SEC), Massachusetts Securities Division, New York State Attorney General (NYAG) and other members of the North American Securities Administrators Association.

Auction Rate Securities (ARS): UBS is permanently enjoined from violations of the broker/dealer anti-fraud provisions.

Allegations: Violations of 34 Act Section 15(c) regarding the marketing and sale of Auction Rate Securities.

Disposition: Cease & Desist Injunction; Civil Penalty; Consent Judgment
Cease & Desist, and Fines in varying amounts currently being paid to all 50 states. UBS Financial Services Inc. (together with UBS Securities LLC) agreed to pay a fine of \$150 million (\$75 million to the NYAG and \$75 million allocated to the remaining states).

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5. Date of Action: July 16, 2007
Entity: UBS Financial Services
Brought By: Attorney General State of NY

Allegations: Non-discretionary fee-based brokerage accounts offered by UBS were unsuitable for certain clients and fees/commissions were higher than non-fee based accounts

Disposition: Remediation to Customers & Penalty to State of NY
Remediation: \$21,300,000; Penalty: \$2,000,000

6. Date of Action: March 7, 2005
Entity: UBS Financial Services
Brought By: State of Illinois

Allegations: Failure to provide investors with accurate account statements re: callable CD's and failure to supervise.

Disposition: Fine
Fine: \$95,000

7. Date of Action: April 28, 2003 – March 19, 2004
Entity: UBS Financial Services and affiliates
Brought By: Secretary of State of 47 States and Washington ■.

Allegations: Violation of Securities Act regulations regarding research practices and conflicts of interest arising from those practices. Violations of Section 17(b) of the Securities Act of 1933, NYSE Rules 476(a)(6), 401, 472, 476(A)(6) and 342, NASD Rules 2210 and 2110 and state securities laws

Disposition: Cease & Desist, Fine, Penalty, Disgorgement, Investor Education.

Details: UBS Financial Services Inc. (together with UBS Securities LLC) paid a total of \$80M (allocated among the states), which includes \$25M penalty, \$25M as disgorgement, \$25M to be used for procurement of independent research and \$5M for investor education. Fines varied by State.

Financial Advisors of UBS Financial Services, Inc.

8. Date of Action: March 2007
Entity: Individual Financial Advisor
Brought By: State of New York Department of Insurance

Disposition: Final Order in connection with violations of sections 2123 of the NY Insurance Law and Department Regulation 60 (11 NYCRR 51.5).

9. Date of Action: June 9, 2008
Entity: Individual Financial Advisor
Brought By: State of New York Department of Insurance

Disposition: Final Order issued in connection with violations of sections 2123 of the NY Insurance Law and Department Regulation 60 (11 NYCRR 51.5).

10. Date of Action: May 12, 2000
Entity: Individual Financial Advisor
Brought By: Ohio Division of Securities

Details: The Ohio Division of Securities issued a final order to deny the Financial Advisor's application for a securities sales person license.

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11. Date of Action: February 2, 2010
Entity: Individual Financial Advisor
Brought By: State of Nevada

Details: State of Nevada issued Final Order revoking the Financial Advisor's license to act as a sales representative on Feb. 2, 2010.

UBS AG (Parent Company)

12. Date of Action: May 10, 2004
Entity: UBS AG
Brought by: Federal Reserve Bank of New York

Details: UBS engaged in U.S. Dollar banknote transactions with counterparties in jurisdictions subject to U.S. sanctions, and certain former officers and employees of UBS AG engaged in intentional acts aimed at concealing, which included falsifying reports, those banknote transactions from the Federal Reserve Bank of New York

Disposition: UBS AG consented to the issuance of an order without admitting or denying the allegations and paid a civil penalty of \$100 million.

13. Date of Action: February 2009
Brought By: SEC and US Department of Justice
Allegations: UBS entered into a Deferred Prosecution Agreement with the D.O.J. and a Consent Order with the SEC in connection with an investigation into the firms Cross-Border business. UBS AG agreed to disgorge profits and pay back taxes. UBS AG will terminate cross-border business serving private clients out on non SEC registered entities.
Disposition: Disgorgement (\$200,000,000 to the SEC); Back Taxes Payment, Monetary Sanctions: \$380,000,000; \$400,000,000

14. Date of Action: January 2011
Disposition: SIX Swiss Exchange Regulation
UBS AG was fined for (i) publishing too late internally available information related to expected losses in the summer of 2007 and (2) breaching rules on the provision of information about corporate governance in the 2008 UBS annual report.
Disposition: Fine
CHF100,000

15. Date of Action: December 2008
Brought By: Swiss Federal Banking Commission
Allegations: The cross-border business of UBS AG private clients was investigated and the firm was required to cease operating its non-W9 relationships, and to establish an adequate risk management and control system for this business.
Disposition: Injunction

16. Date of Action: December 12, 2012
Brought By: FSA, FINMA, CFTC
Entity: UBS AG

On 19 December 2012, UBS AG entered into settlements with the US Department of Justice (DOJ), UK Financial Services Authority, and the Commodity Futures Trading Commission (CFTC) in connection with their investigations of manipulation of LIBOR and other benchmark interest rates. The Swiss Financial Market Supervisory Authority (FINMA) also issued an order concluding its formal proceedings with respect to UBS. UBS agreed to pay a total of approximately CHF 1.4 billion in fines and disgorgement. UBS will pay GBP 160 million in fines to the FSA and CHF 59 million as disgorgement of estimated profits to FINMA.

FINMA: Reprimand and disgorgement of estimated profits CHF 59 million
FSA: Fine GBP 160 million
CFTC: Fine, USD 700 million